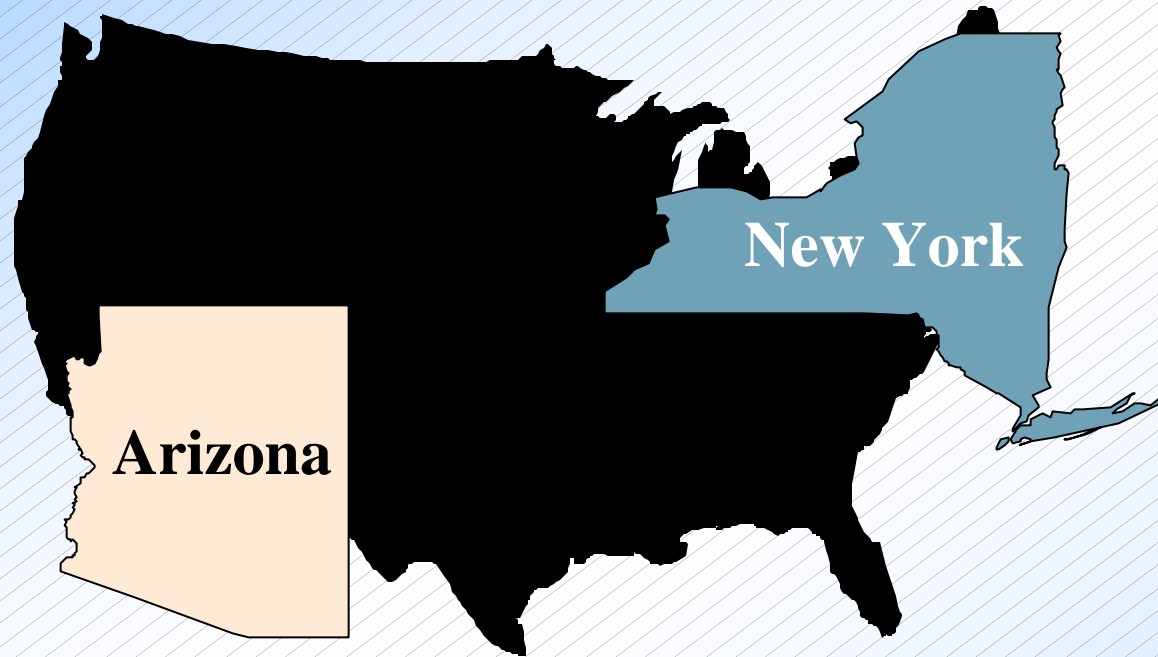


# All States Quality Forum



**EIGHTH ANNUAL  
ALL STATES QUALITY FORUM  
Berkley, California  
October 1-4, 2000  
Presents  
“Leadership through Systems,  
Measures, and Tools”**

# Workshop Topic

## Strategic Planning and Performance Measurement Presenters

**Judy Thomson**

Total Quality Coordinator

New York State Department of Taxation and Finance

**Bill Manning**


Performance Measurement Coordinator

New York State Department of Taxation and Finance

**Greg Carmichael**

Strategic Management Consultant

Arizona Department of Administration

A light blue map of the state of Connecticut is centered on the slide. The map shows the state's outline, including the island of Long Island Sound to the southeast. The text is overlaid on the map.

Strategic Planning and  
Performance Measurement  
at Tax  
or  
“Getting there and  
knowing when you’ve arrived”

# **I. Context**

# Who we are...

- 5300 employees
- Central office and 12 district offices
  - 71% central
  - 29% district office
    - 65% downstate
    - 35% upstate and Chicago
- Average salary approx. \$35,000
- Unionized work force

Why we exist...

# Mission

Collect tax revenue and provide associated services in support of government services in New York State.

What we do...

# Key Services

Processing Services

Enforcement/Compliance Services

# Where we've been and where we are...

- Early 80's: Level playing field
- Mid 80's - early 90's: Tech is God
- Late 80's - early 90's: Raise revenue
- Mid - late 90's: Service to the customer
  - Since 9/96 engaged in TQ initiative



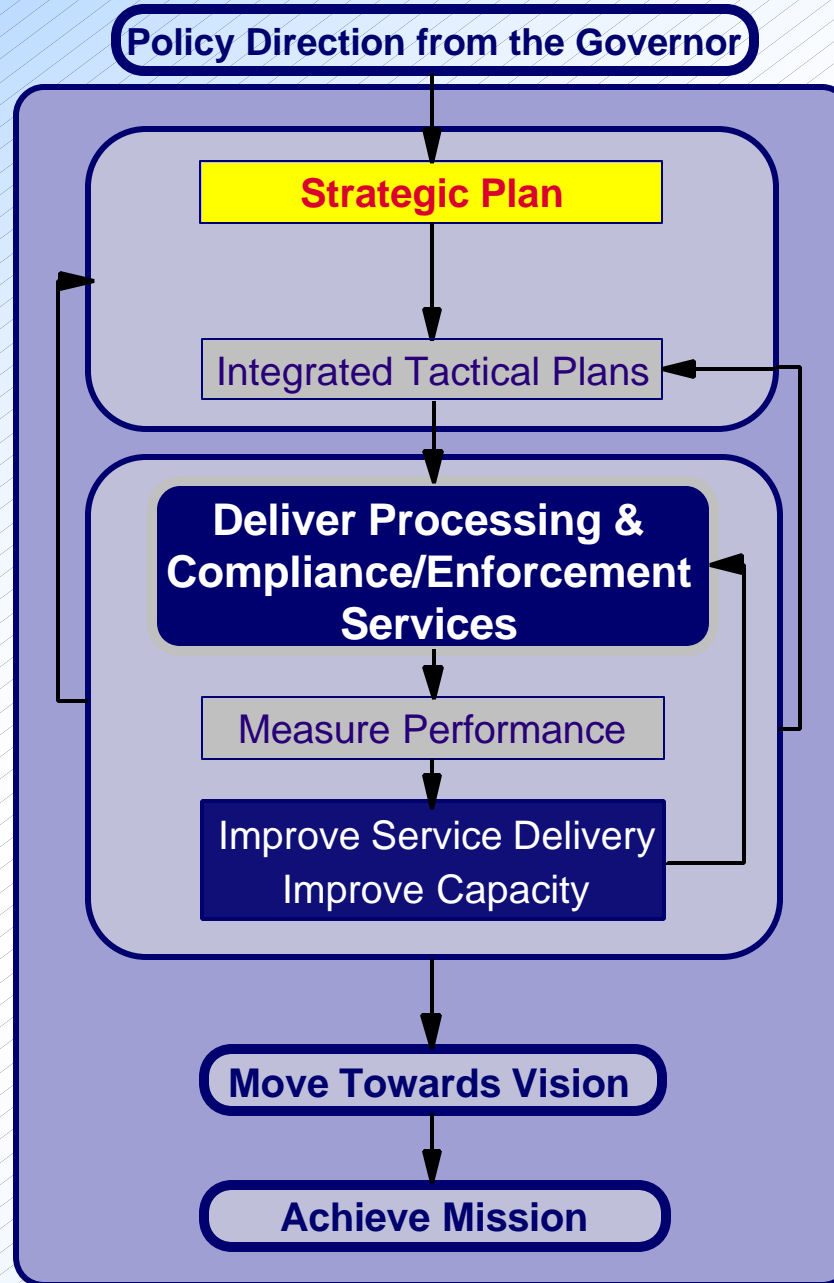
Where we hope to be,  
“the best is yet to come...”

## Vision

An agency that provides a fair system of tax administration, is accessible and responsive to taxpayers, and contributes to a favorable economic climate.

## II. Strategic Planning

# Tax & Finance Quality Service Delivery Model



# **Strategic Direction**

**Vision**

**Mission**

**Values**

**Key Service Areas**

**Governor & Commissioner**

**Leadership**

**Employee  
Feedback**

**Widespread Sharing & Use**





# Input from...

Customers  
Employees  
Stakeholders



Strategic  
Direction

# Customer and Stakeholder Input...



- Surveys - written, phone, focus groups
  - Biennial
  - Targeted
- Practitioner and Business groups
- Taxpayer Advisory Council
- Regional Meetings - Private sector
- Strategic Planning Conference



# Employee Input...

- Cascade
- Surveys
- Project Teams
- Strategic Planning Conferences 1997 & 1998
- Communication Conferences
- TaXpo 1999

# Strategic Planning Conferences

- Large scale/ real-time change
- 400+ leaders, managers, employees
- Highly Interactive
- Heard from leaders, customers, stakeholders & ourselves
- How are we doing?
- What should we improve?



# Output from Strategic Planning Conferences

- Goals
- Many ideas for improvement
- Commitments to action items
- “Take care of us and we’ll take care of our customers.”
- Broader understanding of Department
- Valentine exercise was impetus for TaXpo

# TaXpo

## The Department's Trade Show

- Learned about each other and how we fit together
- Motivated and inspired us to begin to dissolve barriers
- Learned to work together towards a common goal





# Identification of Tactics

- Managers/staff identified 2000 initial tactics
- Managers' sub-team reduced to 39 tactics
  - Cost/benefit
  - Prioritized
- Cross-functional list
- Work as one Department



# Public/Employee Version

- Booklet
- *“At a Glance”*
- Web Site [www.tax.state.ny.us/Strategic\\_Plan](http://www.tax.state.ny.us/Strategic_Plan)
- Drill down to operational activities supporting tactics (for employees only)

How do we know if  
all of this planning is  
having the desired  
result on our  
delivery of services?

# Accountability and Responsibility...the need for a Performance Management System

## ■ Performance Measurement

- Departmental services and results
- Strategic goals and objectives

## ■ Performance Agreements

- Management accountability

## ■ Performance Evaluation?

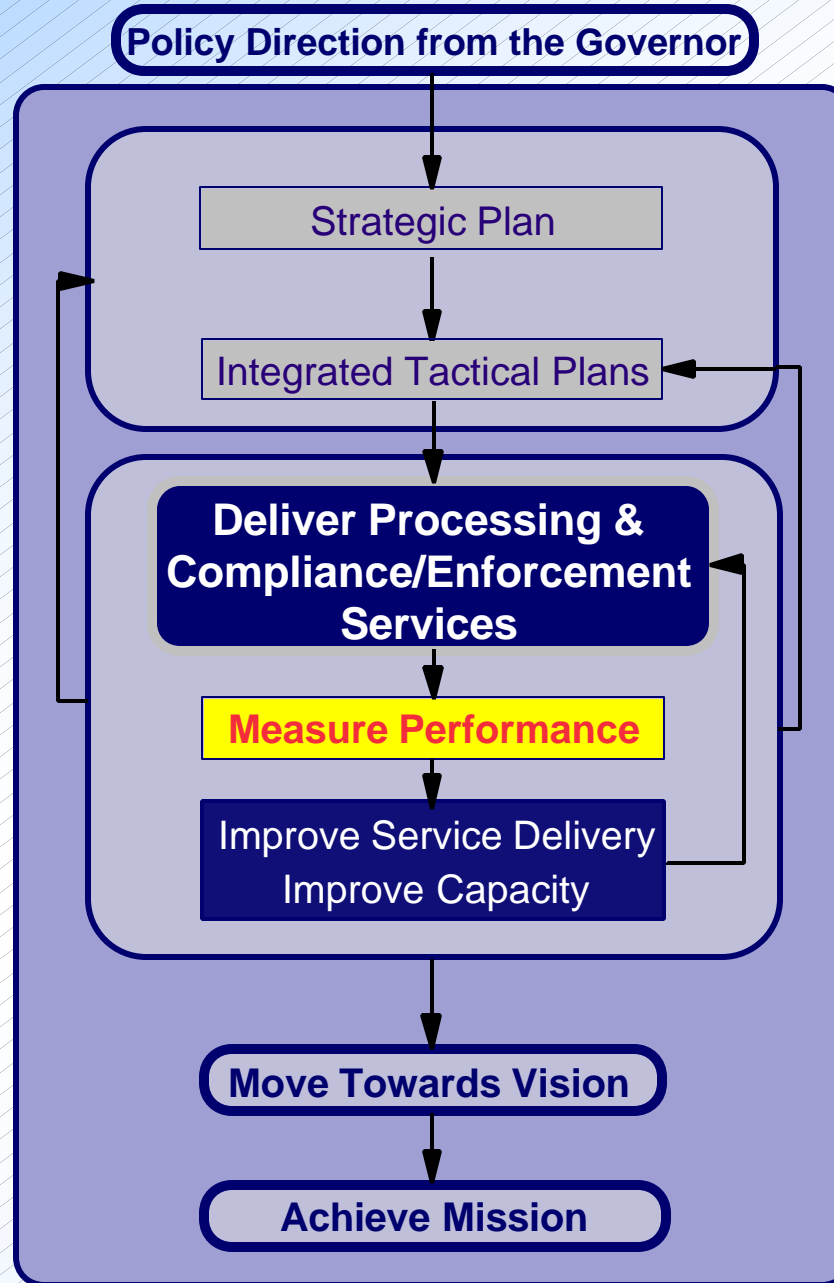
- Individual tasks and activities

# Performance Agreements

- Management accountability
- 3 areas:
  - 1 - Promoting leadership
  - 2 - Building capacity
  - 3 - Managing performance
- Negotiated expectations
- Quarterly meetings



# Tax & Finance Quality Service Delivery Model



# III. Performance Measurement Program

# Why we measure...

To Provide Services:

- ✓ Better
- ✓ Faster
- ✓ Cheaper
- ✓ Smarter

# Key Results

- ★ Effectiveness of service delivery
- ★ Satisfaction of our external and internal customers
- ★ Compliant taxpayers who pay their fair share with minimal government intrusion
- ★ Efficiency of customer service and work processes

# The challenge...

“Somehow, managers have to create a feeling that what people do day-to-day to advance the mission of their agency really is important.... they [employees] want to see their efforts matter and their progress measured.”

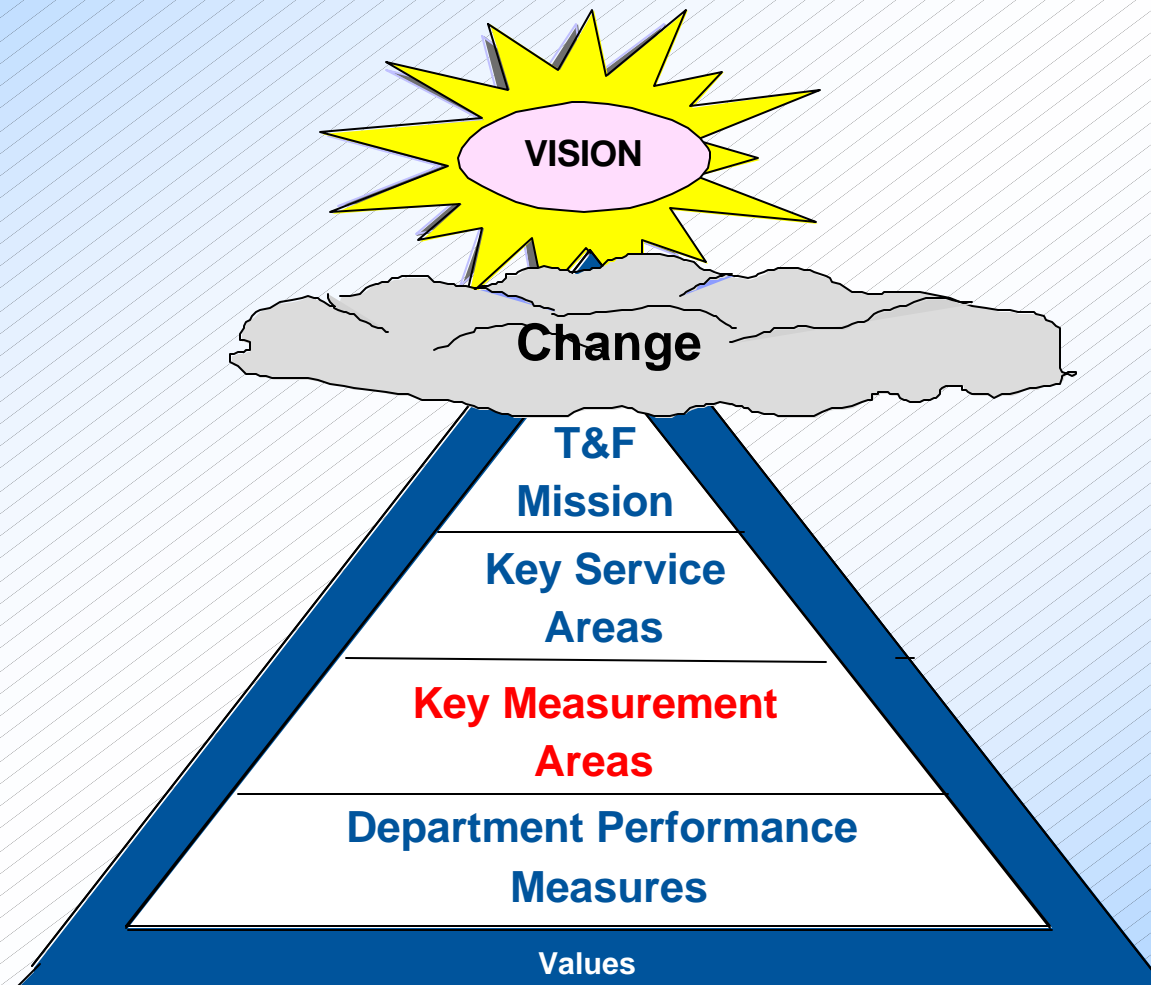
David Osborne - Harvard Business Review - May-June 1994

# What it is...

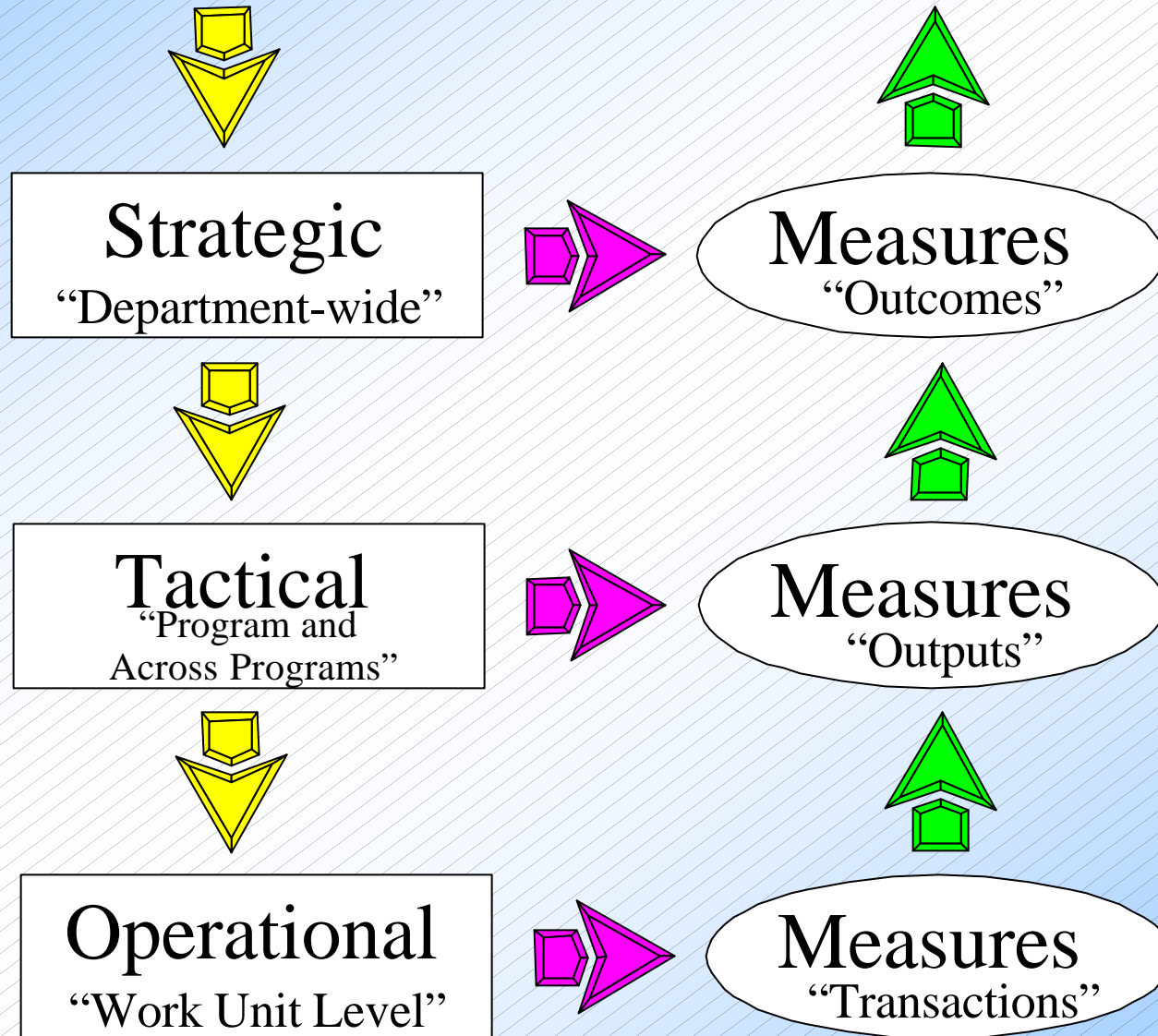
A management program that uses measures to plan, monitor and evaluate results to:

- Improve performance
- Achieve objectives
- Ensure accountability

# The Approach



# Alignment - tie services and measures to Mission and Vision





# What we do with measures...

- Collect data
- Refine measures
- Report results
- Make decisions
- Adjust work effort

# Progress to Date

- 4,000+ employees participated in overview and feedback process
- Teams developed purpose statements, key services and measures with standards and targets
- Teams gather, report and use data
- Project team developed service cost methodology

# Lessons Learned

- Gain support from the top
- Focus on results
- Involve customers and stakeholders
- Involve employees and unions
- Analyze using “Family of Measures”

# Lessons Learned

- Measure to improve, not to keep score
- Develop a simple reporting system
- Paint true picture, then adjust
- Align, align, align
- Stay the course

# Current Activities

- Collect and report data on measures
- Pinpoint improvement opportunities
- Revisit and refine the measures
- Implement “Service Cost” methodology
- Implement measures in support areas
- Continue bench marking

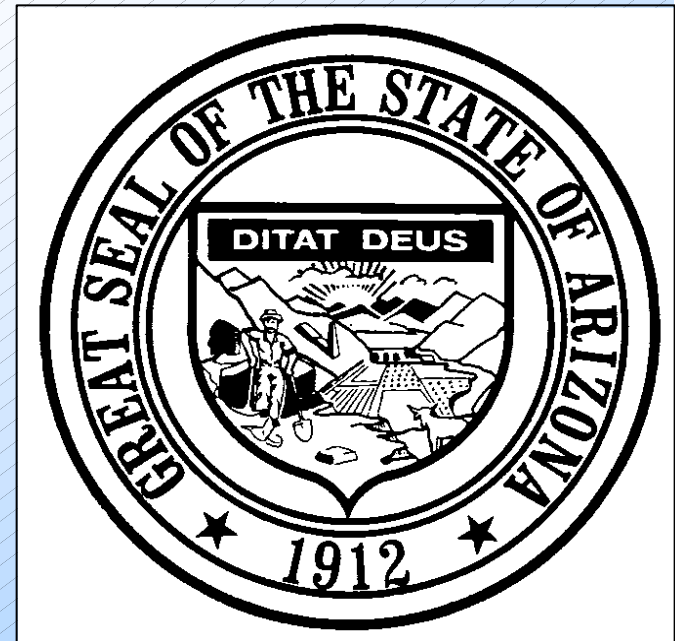
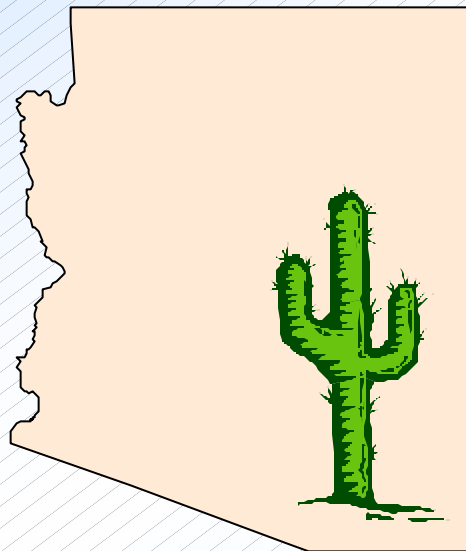
# Current Challenges

- Do we have the right measures, standards, and targets?
- How do we link measures and services which cross organizational lines?
- How do we ensure data is used properly to improve and not to blame?

# Current Challenges

- How do we ensure data accuracy?
- How do we keep data collection and reporting systems user-friendly and cost-effective?
- How do we implement improvement opportunities in an environment of competing priorities and resources?

# Innovations in Creating and Maintaining a Comprehensive and Systematic Performance Measurement System





# Arizona Department of Administration

- Greg Carmichael, Strategic Management Consultant
- Kathy Peckardt, Assistant Director, Strategic Administrative Services
- Recently recognized by NASCA



# Arizona Department of Administration

- State Government Agency
- Provides Services to 100 other State Agencies, Boards, & Commissions
- Limited Services directly to public
- Just under 1,000 employees

# What, For Whom, & Why?

## **ADOA's Mission**

- To provide effective and efficient support services to enable government agencies, state employees, and the public to achieve their goals.

# ADOA's Vision

- ADOA: A great place to work  
that delivers “knock-your-socks-off”<sup>®</sup>  
service

<sup>®</sup> Knock Your Socks Off Service is a registered trademark of Performance Research Associates, Inc., Minneapolis, MN. Used with permission. All rights reserved

# ADOA's Goals

1. To increase customer satisfaction
2. To develop a high-performance workforce
3. To improve organizational effectiveness and efficiency.

# Three Main Points

- Share the framework
- Select the measures
- Track and report results

# Framework

- Agency is composed of 7 Divisions
- Roughly 30 different programs
- Over 100 different services





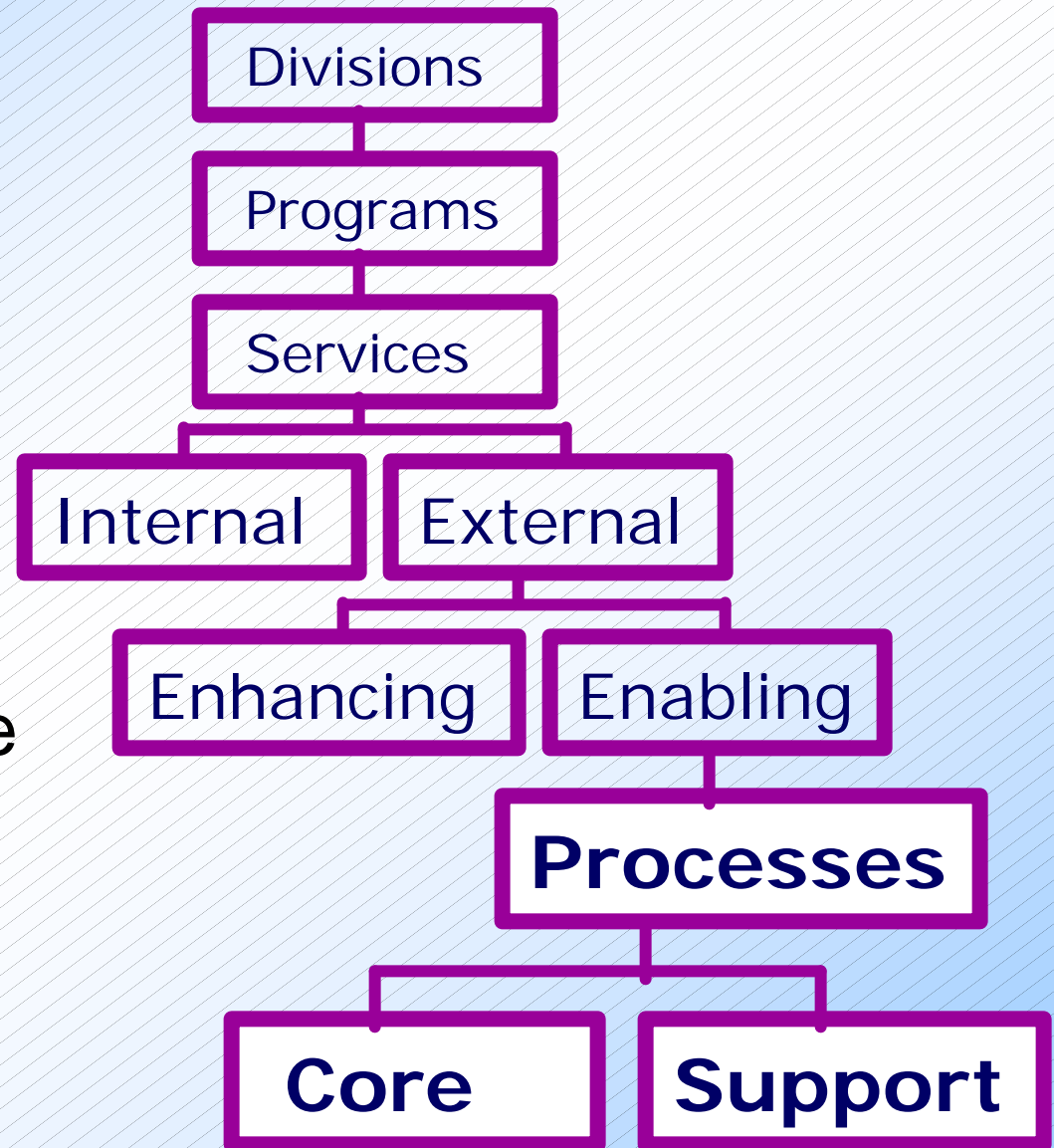
# Framework

- 76 of our services are provided to external customers
- Long history of customer satisfaction data based on services
- Allows for differentiation by importance to customer



# Framework

- Working sessions with enabling services to identify processes involved in the delivery of the service
- Further defined as core and support



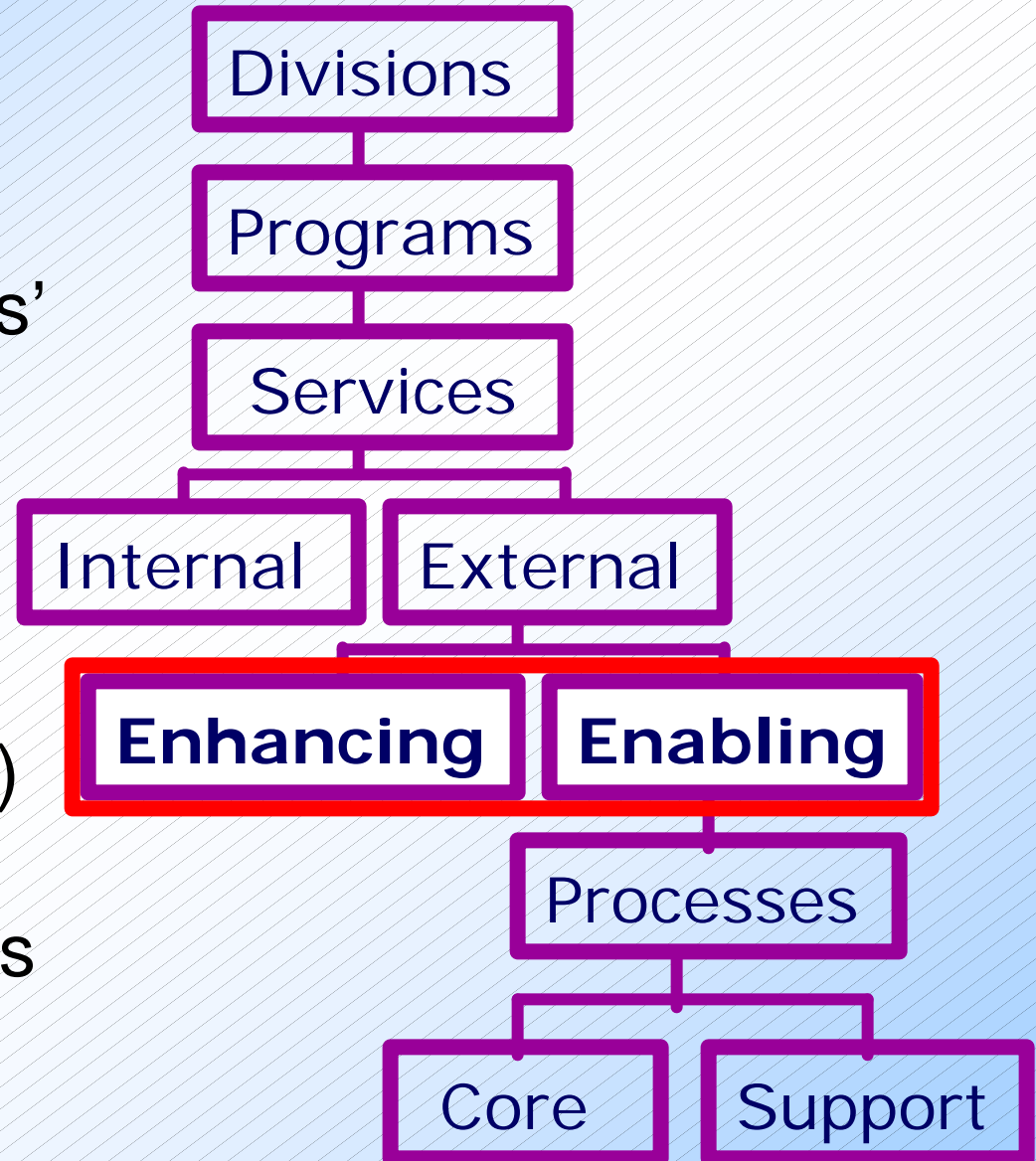
# Strategic Planning

- Focused at the Service level
- Ensures broad deployment throughout agency
- Performance measures based on customer requirements



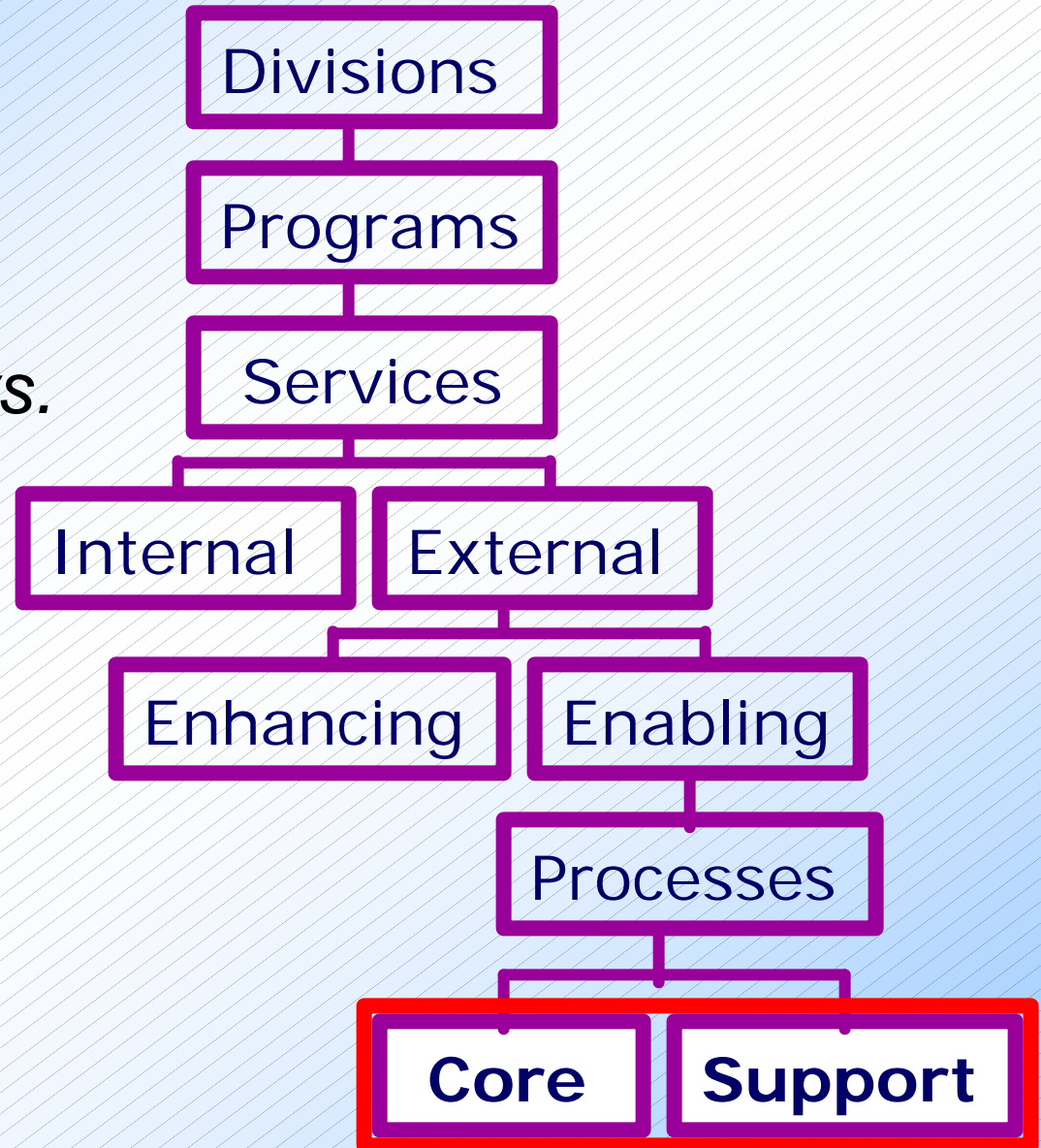
# Prioritize

- Based on customers' evaluation of the importance of the service to them
- Subjective determination (ours) of "Can they do business without this service?"

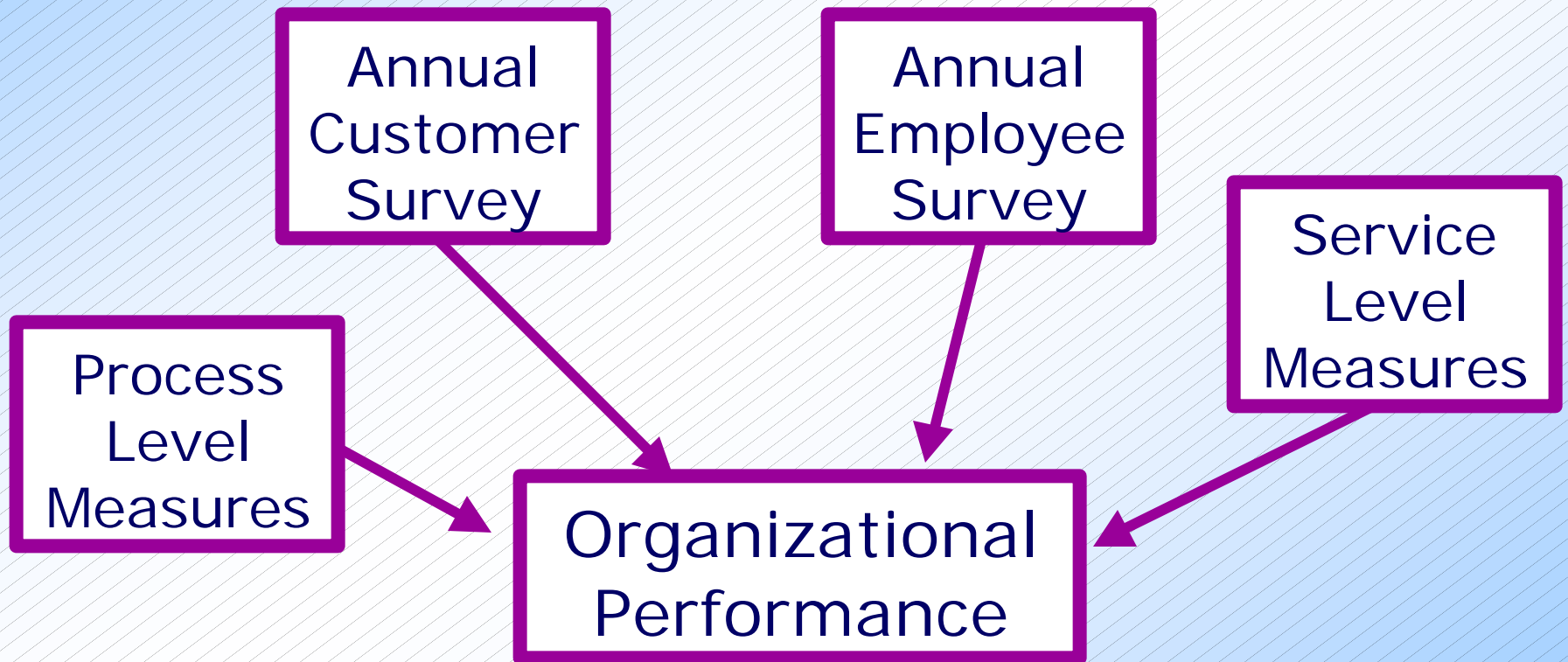


# Process

- Similar process to differentiate *Core vs. Support*
- Gathering performance measures at the process level - targeted to Agency Goal 3



# Select the Measures



# Details, Details, Details

- Purpose
- Description
- Frequency
- Owner
- Results



Employee Survey	Purpose	Description	Frequency	Owner	Results
	The purpose of capturing performance measurement information from the employee survey is to assess employee perceptions of the work life within ADOA.	To better understand the needs of employees, ADOA categorizes the questions into seven different categories: morale, communication, recognition, training, supervisory support, upper management support and working conditions. The survey consists of 53 questions using a Likert rating scale ranging from Strongly Agree to Strongly Disagree and a section for open-ended comments.	ADOA has been assessing employee satisfaction on annual basis every year since 1992.	Each year, the survey is distributed by an internal consulting group to every ADOA employee.	The response rate has been nearly 60% every year, with a 71% response rate this past year. The data is collected, compiled and analyzed at the program, division and agency levels. The results are shared with every employee through a number of different methods including newsletter, townhall meetings and strategic planning sessions. The results are also compared with other Arizona state government agencies. All of this information is used to assist in the development of strategic plans.
Customer Survey	The customer survey helps ADOA identify the services that are important, or even critical, to its customers' operations. Also, the surveys tell ADOA how well it has been performing those services.	An internal survey is distributed to determine satisfaction and importance of the 33 services provided internally to ADOA, e.g. Budgeting, Accounting, Payroll, Purchasing, etc. An external survey is distributed to the customers that are external to ADOA, the 100 state agencies, boards and commissions, to determine their level of satisfaction and degree of importance of the 76 services provided externally to ADOA.	ADOA has been conducting a comprehensive customer satisfaction on annual basis every year since 1994.	Similar to the annual employee survey, the customer survey is distributed by an internal consulting group.	The response rate for the internal survey has been 85% and higher and for the external survey has ranged from 58% to a high of 74%. The data is collected, compiled and analyzed at the service level. Similar to the employee survey, the customer survey results are shared with every employee. The results are used to assist in the development of strategic plans.
	The purpose of capturing performance measurement information from the providers of services is to assess on a frequent basis operational performance. The key is on a frequent basis.	Performance measures are tracked and monitored at the service level, and primarily focus on outputs, quality, and outcomes. Examples include: percentage of payroll payments requiring rework, cycle time for invitation for bids, customer satisfaction, cycle time to establish new positions, cycle time to issue a hiring list.	The data is <i>collected</i> daily, weekly, monthly or project-by-project, depending on the type of measure.	The providers of the services.	The measures are <i>compiled</i> and <i>analyzed</i> by the service providers on an on-going basis. They are also <i>reported</i> monthly to the internal consulting group. The internal consulting group prepares display charts, and the senior management team reviews measures on a monthly basis (discussing those measures that missed the target greatly and those that significantly exceeded the target). Key measures and indicators are published in the monthly employee newsletter.
Process Measures	The purpose of capturing performance measurement information from the processes is to assess opportunities for process improvement.	Measures at the process level tend to be focussed internally and reflect HOW the process is working. Common measures are the timeliness of various portions of the process, and efficiency measures (work expended per unit).	The data is <i>collected</i> daily, weekly, or monthly, depending on the type of measure.	Process owners	The measures are <i>compiled</i> and <i>analyzed</i> by the process owners on an on-going basis. They are also <i>reported</i> monthly to the internal consulting group to be analyzed to assist process owners in the identification of process improvement opportunities.

# Tracking and Reporting

- Enormous Task
  - Over 100 different services - each may have 3, 4, or 5 measures
- 7 agency-level measures
- 11 measures reported to Governor
- 65 measures associated with *Enabling Services*

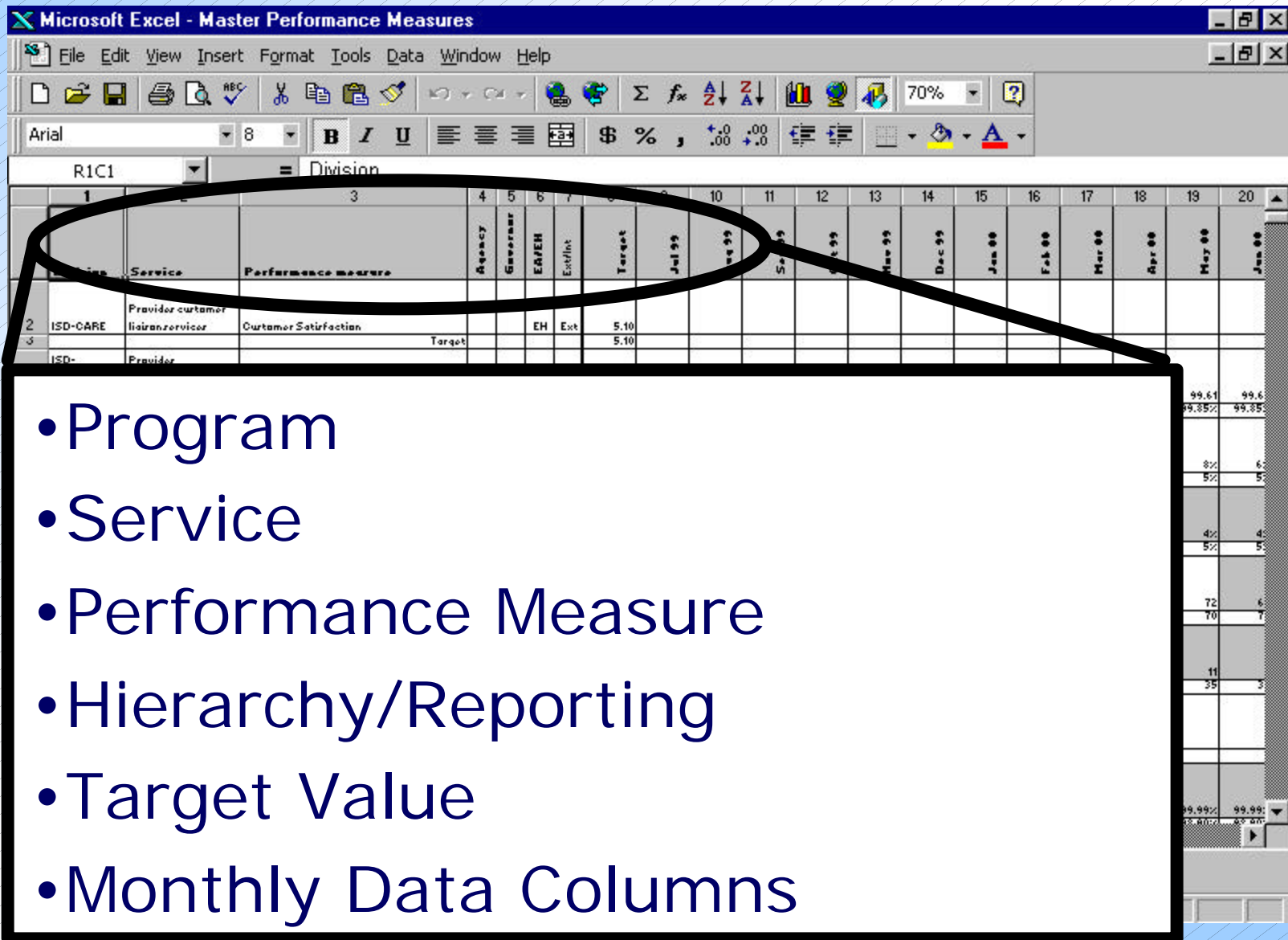
# Managing the Data

Microsoft Excel - Master Performance Measures

File Edit View Insert Format Tools Data Window Help

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# Managing the Data



Microsoft Excel - Master Performance Measures

File Edit View Insert Format Tools Data Window Help

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R1C1 = Division

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
	Agency	Service	Performance measure	Agency	Governor	EA/EN	Est/Int	Target	Jul 99	Aug 99	Sep 99	Oct 99	Nov 99	Dec 99	Jan 00	Feb 00	Mar 00	Apr 00	May 00	Jun 00
2	ISD-CARE	Provider customer liaison service	Customer Satisfaction			EH	Ext	5.10												
3			Target					5.10												
4	ISD-	Provider																		

- Program
- Service
- Performance Measure
- Hierarchy/Reporting
- Target Value
- Monthly Data Columns

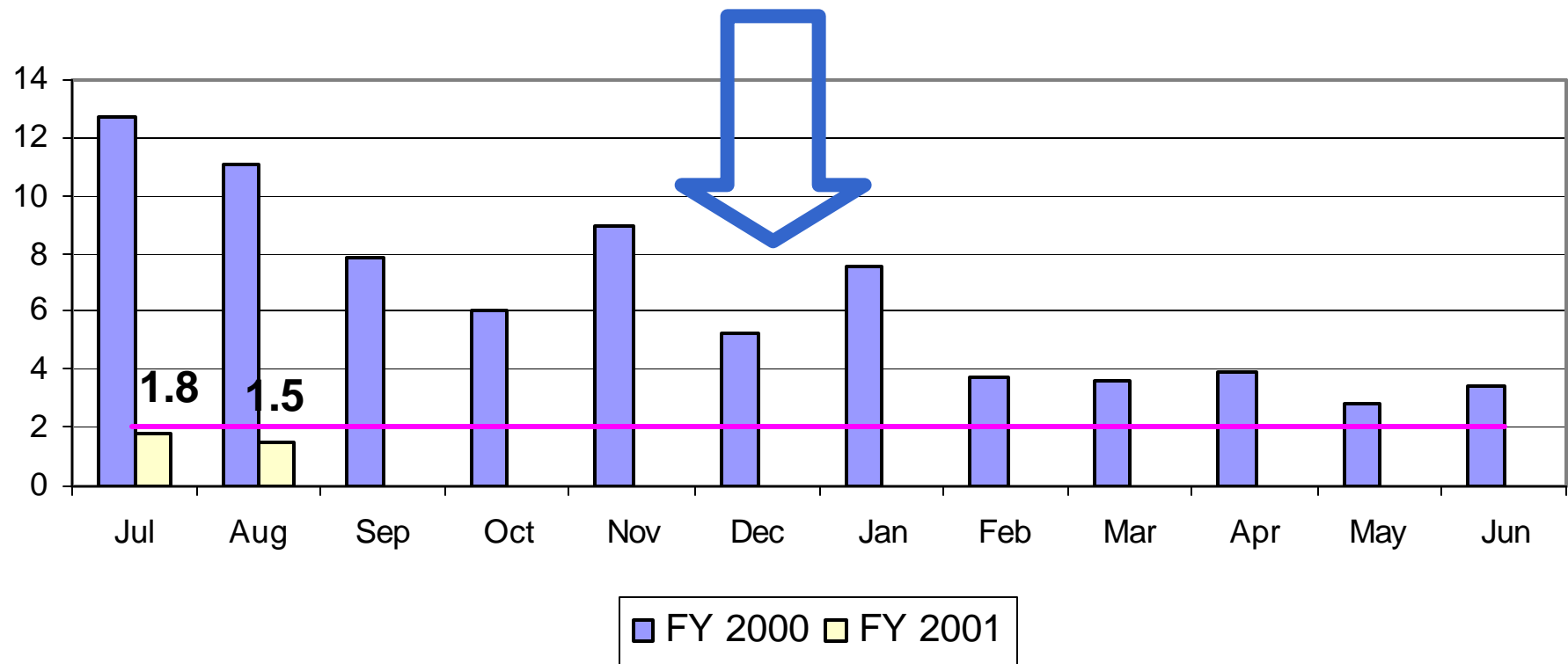
Percent of delinquent monthly billing				EH	Ext	5.00%	2%	2%									
Target						5.00%	5%	5%									
4	Information Security	Information and Data Security	Percent of authorized access completed during the month	EH	Ext	99.70%	99.74%	99.72%	99.71%	99.75%	99.74%	99.75%	99.73%	99.69%	99.62%	99.61%	99.61%
5			Target			99.70%	99.85%	99.85%	99.85%	99.85%	99.85%	99.85%	99.85%	99.85%	99.85%	99.85%	99.85%
6	ISD-Finance & Planning	Provider Billing and Collection Services	Percent of delinquent	EH	Ext	5.00%	5%	5%	5%	4%	4%	N/A	5%	3%	3%	4%	8%
7			Target			5.00%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
8	ISD-Finance & Planning	Provider Billing and Collection Services	Percent of billing inaccuracies	EH	Ext	3.00%	4%	4%	4%	4%	2%	N/A	2%	2%	2%	3%	4%
9			Target			3.00%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
10	ISD-Finance & Planning	Provider Billing and Collection Services	Amount of time transpiring between invoice and collection (working days) (qtrly)	EH	Ext	40	47	53	59	N/A	N/A	N/A	68	65	69	65	72
11			Target			40	70	70	70	70	70	70	70	70	70	70	70
12	ISD-Finance & Planning	Provider Billing and Collection Services	Number of debit/credit adjustments issued during the month, computed annually and reported/tracked monthly	EH	Ext	15	28	21	15	7	2	N/A	5	7	11	13	11
13			Target			15	35	35	35	35	35	35	35	35	35	35	35
14	ISD-Finance & Planning	Provider Billing and Collection Services	Customer Satisfaction	EH	Ext	7.00											
15			Target			7.00											
16	ISD-ATS	Connectivity to High Performance Network	Percent of time WAN system facilities are accessible and available	EH	Ext	99.99%	98.30%	99.90%	N/A	99.99%	99.99%	N/A	99.98%	99.96%	99.86%	99.99%	99.99%

4	Information Security	Information and Data Security	Percent of authorized access completed during the month			EH	Ext	99.70%	99.74%	99.72%	99.71%	99.75%	99.74%	99.75%	99.73%	99.69%	99.62%	99.61%	99.61%	99.61%	99.61%
5			Target					99.70%	99.85%	99.85%	99.85%	99.85%	99.85%	99.85%	99.85%	99.85%	99.85%	99.85%	99.85%	99.85%	99.85%
6	ISD-Finance & Planning	Provider Billing and Collection Services	Percent of delinquent accounts			EH	Ext	2%	2%	2%	2%	4%	4%	N/A	5%	3%	3%	4%	8%	6%	6%
7			Target					5.00%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
8	ISD-Finance & Planning	Provider Billing and Collection Services	Percent of billing inaccuracies			EH	Ext	3.00%	4%	4%	4%	4%	2%	N/A	2%	2%	2%	3%	4%	4%	4%
9			Target					3.00%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
10	ISD-Finance & Planning	Provider Billing and Collection Services	Amount of time transpiring between invoice and collection (working days) (qtrly)			EH	Ext	40	47	53	59	N/A	N/A	N/A	68	65	69	65	72	6	6
11			Target					40	70	70	70	70	70	70	70	70	70	70	70	70	7
12	ISD-Finance & Planning	Provider Billing and Collection Services	Number of debit/credit adjustments issued during the month, computed annually and reported/tracked monthly			EH	Ext	15	88	21	15	7	2	N/A	5	7	11	13	11	3	3
13			Target					15	35	35	35	35	35	35	35	35	35	35	35	35	3
14	ISD-Finance & Planning	Provider Billing and Collection Services	Customer Satisfaction			EH	Ext	7.00													
15			Target					7.00													
16	ISD-ATS	Connectivity to High Performance Network	Percent of time WAN/xyzcom facilities are accessible and available			EH	Ext	99.99%	98.30%	99.90%	N/A	99.99%	99.99%	N/A	99.98%	99.96%	99.86%	99.99%	99.99%	99.99%	99.99%

# Charting & Displaying

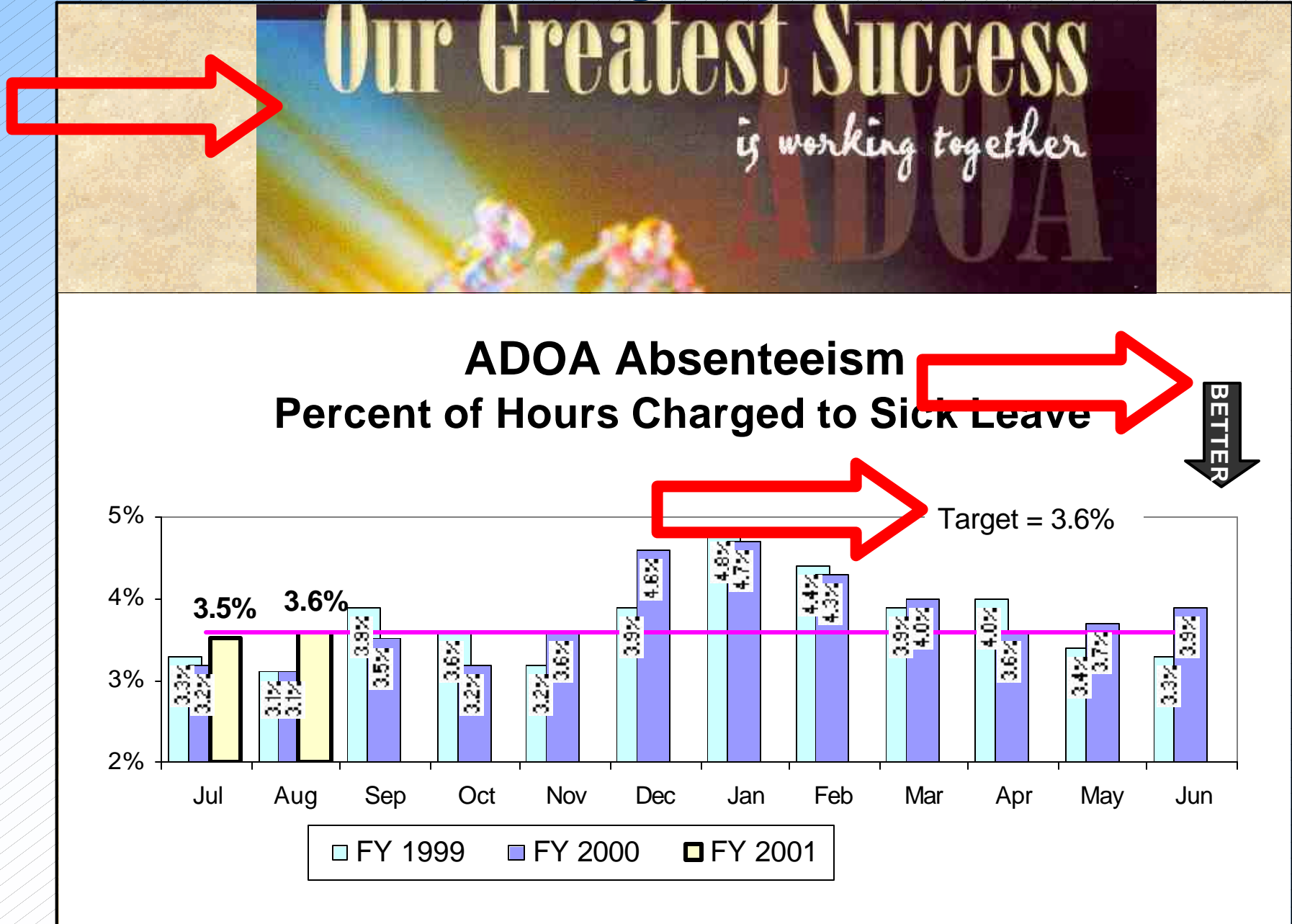
Percent of delinquent monthly billing			EH	Ext	5.00%	2%	2%
Target					5.00%	5%	5%

## Working Days to Issue a Hiring List





# Polishing the Look





# Computer Lingo

- Three files

- Master Spreadsheet - Excel

- Chart Files - Excel

- Presentation Files - PowerPoint

- All linked - automatically updated

# Distributing & Collecting the Data

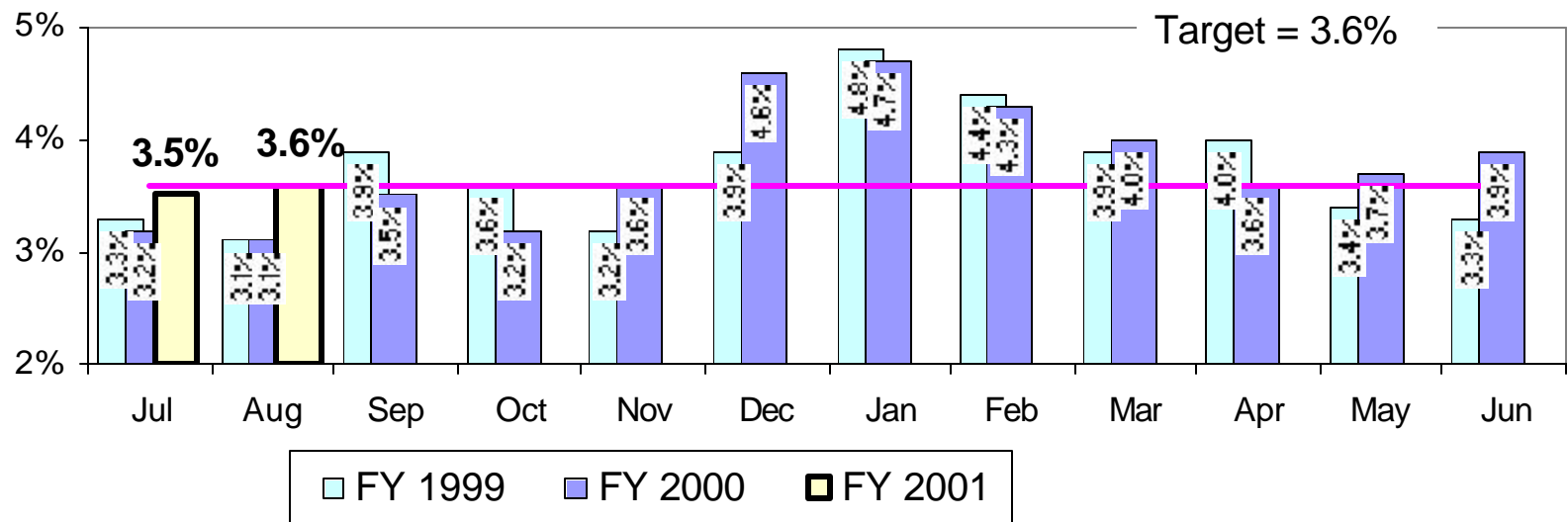
The screenshot shows a Microsoft Excel window titled "Microsoft Excel - Master Performance Measures". The spreadsheet contains a table with columns for various performance metrics and months from July 99 to June 00. A callout box highlights the navigation tabs at the bottom of the window, which include "DO-Training", "Police", "FSD", "GSD", "HRD", "ISD", "MSD", and "SASD". The "ISD" tab is currently selected.

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
	Division	Service	Performance measures	Agency	Governor	EA/PH	Ext/Int	Target	Jul 99	Aug 99	Sep 99	Oct 99	Nov 99	Dec 99	Jan 00	Feb 00	Mar 00	Apr 00	May 00	Jun 00
9	ISD-Planning	Collection Services	Percent of time training materials available				EH	Ext	99.99%											
10	ISD-Finance	Provider Billing and Collection Services	Amount of time transpiring between invoice and collection (working days) (qtrly)				EH	Ext	40	47	53	59	N/A	N/A	N/A	68	65	69	65	6
12	ISD-Finance	Provider Billing and Collection Services	Number of debit/credit adjustments issued during the month, computed annually and reported/tracked monthly				EH	Ext	15	38	21	15	7	2	N/A	5	11	13	11	
14	ISD-Finance	Provider Billing and Collection Services	Customer Satisfaction				EH	Ext	7.00											
16	ISD-ATS	Connectivity High Performance Network	Percent of time WAN system facilities available				EH	Ext	99.90%	99.90%	99.90%	99.99%	99.99%	N/A	99.98%	99.96%	99.96%	99.99%	99.99%	

# Review the Data

**Our Greatest Success**  
*is working together*

## ADOA Absenteeism Percent of Hours Charged to Sick Leave



# Conclusion

- Establish a Framework
- Select Good Measures
- Track & Report Results

# Final Thoughts

*Routine work drives out nonroutine work  
and smothers to death all creative  
planning, all fundamental change.*

*Warren Bennis*